



# Department of Justice

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## **FORMER F. HOFFMAN-LA ROCHE EXECUTIVE AGREES TO PLEAD GUILTY FOR PARTICIPATING IN INTERNATIONAL VITAMIN CARTEL**

### **Second Executive to Plead Guilty, Will Serve Jail Time and Pay \$150,000 Fine**

WASHINGTON, D.C. -- A former executive of the Swiss pharmaceutical giant F. Hoffmann-La Roche Ltd. today agreed to plead guilty, serve a five-month jail sentence, and pay a \$150,000 fine for his role in an international conspiracy to suppress and eliminate competition in the vitamin industry, the Department of Justice announced.

In a one-count criminal charge filed today in U. S. District Court in Dallas, the Department of Justice charged Swiss citizen and resident, Dr. Roland Brönnimann, former President of the Vitamins and Fine Chemicals Division, with conspiring with unnamed co-conspirators to fix, raise, and maintain prices, and allocate market shares of vitamins sold in the United States and elsewhere. The case also charges that the conspirators allocated contracts with customers for vitamin premixes throughout the U.S. and rigged bids for those contracts. The conspiracy lasted from 1990 until 1999 and affected vitamins A, B2, B5, C, E, and Beta Carotene. Vitamin premixes, which are used to enrich breakfast cereals and numerous other processed foods, also were affected by the conspiracy.

“Today’s case demonstrates again the Justice Department’s resolve to prosecute and obtain significant sentences against foreign executives engaged in international cartel activities that increase prices paid by American consumers,” said Joel I. Klein, Assistant Attorney General in charge of the Department’s Antitrust Division.

Dr. Brönnimann is the second former senior Hoffmann-La Roche executive to be charged in the government's continuing investigation of illegal collusive practices in the international vitamins industry. On May 20, 1999, Hoffmann-La Roche pleaded guilty to the same conspiracy and was sentenced to pay a record \$500 million criminal fine. On that same day, Dr. Kuno Sommer, former Director of Worldwide Marketing for Hoffman-La Roche's Vitamins and Fine Chemicals Division, also was charged with participating in the vitamin cartel and lying to Department investigators in 1997 in an attempt to cover-up the conspiracy. Dr. Sommer, also a Swiss citizen and resident, pleaded guilty to the charges and was sentenced on July 23, 1999 to a four-month prison term and fined \$100,000.

According to the charge, Dr. Brönnimann was the head of Hoffmann-La Roche's Vitamins and Fine Chemicals Division and a member of Hoffmann-La Roche's Executive Committee from January 1990 until at least May 1999. From the Spring of 1991 until February 1999, Dr. Brönnimann engaged with counterparts at BASF Aktiengesellschaft, Rhone-Poulenc SA, and other unnamed co-conspirators in:

- agreeing to fix and raise prices on Vitamins A, B2, B5, C, E, Beta Carotene, and vitamin premixes;
- agreeing to allocate the volume of sales and market shares of such vitamins;
- agreeing to divide contracts to supply vitamin premixes to customers in the U.S. by rigging the bids for those contracts; and,
- participating in meetings and conversations to monitor and enforce adherence to the agreed-upon prices and market shares.

"Dr. Brönnimann knew of, approved, and participated in key aspects of Hoffman-La Roche's operation in the vitamins cartel," said Gary R. Spratling, the Antitrust Division's Deputy Assistant Attorney General for criminal enforcement. "As a member of Hoffmann-La Roche's

Executive Committee at the time of his involvement, Dr. Brönnimann put the full weight of legitimacy behind the company's involvement in the most pervasive international cartel ever uncovered."

Today's case is the 10th prosecution resulting from the ongoing investigation of the worldwide vitamin industry and the third prosecution of a foreign national. Dr. Brönnimann is charged with violating Section One of the Sherman Act, which carries a maximum penalty of three years imprisonment and a \$350,000 fine for individuals. The fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

The investigation is being conducted by the Antitrust Division's Dallas Field Office and the Federal Bureau of Investigation in Dallas.

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